

## TECHNICAL CORNER

### Budgetary Treatment of Highway and Transit Programs under TEA-21

Before enactment of the Transportation Equity Act for the 21st Century (TEA-21), most of the Federal highway and transit programs were part of a broad budget category with other domestic discretionary programs (for which spending authority is typically provided through annual appropriations acts). As Congress annually weighed spending priorities in an effort to balance the budget, the surface transportation programs competed for budgetary resources with other discretionary programs like education, housing, environment, and energy.

Under TEA-21, new budget categories are established for highway and transit discretionary spending, effectively establishing a budgetary "firewall" between each of those programs and all other domestic discretionary programs. The new categories are still subject to budget constraints, but reductions in highway or transit spending will not automatically free up spending for other programs. This removes the principal incentive to limit highway or transit spending. The highway firewall "protects" the obligation limitation for Federal-aid highways plus the motor carrier and other highway safety programs (highway safety grants and National Highway Traffic Safety Administration operations and research) that have contract authority.

The highway program funding level protected by the firewall is the result of a negotiated process including members of the Congressional transportation authorization committees, the budget committees, and the Clinton Administration. All the parties recog-

	1998 <sup>1</sup>	1999	2000	2001	2002	2003	Total
Guaranteed Available for Obligation (in millions)							
Highways:							
Firewall <sup>1</sup>	\$21,841	\$25,883	\$26,629	\$27,158	\$27,767	\$28,233	\$157,511
Exempt	\$739	\$739	\$739	\$739	\$739	\$739	\$4,434
Total	\$22,580	\$26,622	\$27,368	\$27,897	\$28,506	\$28,972	\$161,945
Transit:							
Firewall <sup>1</sup>	\$4,844	\$5,365	\$5,797	\$6,271	\$6,747	\$7,226	\$36,250
Total	\$27,424	\$31,987	\$33,165	\$34,168	\$35,253	\$36,198	\$198,195

<sup>1</sup> There is actually no firewall for FY 1998. The amount shown reflects the amounts made available either as contract authority or appropriated budget authority.

nized the increasing disparity between the receipts from highway user taxes and highway spending, but they also shared a commitment to attaining a balanced Federal budget. The guaranteed funding levels reflect a compromise between those competing goals, but TEA-21 included a process for adjusting the firewall levels should Highway Trust Fund receipts be higher than projected at the time the firewall levels were set.

In setting the highway firewall levels, the Congress used conservative projections of Highway Account tax receipts and specified these projections in the legislation (TEA-21). Each year, as part of the preparation of the President's budget submission to the Congress, new projections of tax receipts will be made. To the extent these revised projections are different from the initial projections used in setting the firewall amounts, the firewall levels will be adjusted by the amount of the difference. Corresponding adjustments will be made to the Federal-aid highway program authorization levels and the related obligation limitation.

Thus growth in highway spending is linked to growth in the receipts to the Highway Account (see Revenue Aligned Budget Authority below).

The guaranteed amount for highways has two components: the amount behind the highway budgetary firewall and the authorizations for programs that are exempt from the annual obligation limitation – Emergency Relief and a portion (\$639 million per year) of the Minimum Guarantee.

The guaranteed funding for transit programs has a single component – the

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**GUEST OPINION**

## **The 63-20 Corporation**

### ***Another Arrow in the Quiver: An Investment Banker's Perspective on the Use of Not-For-Profit Corporations to Finance Transportation Projects***

The growing recognition that traditional financing techniques cannot meet all of the nation's pressing transportation needs has led industry players to explore innovative approaches to developing and financing projects. Recently, several toll road developers have utilized single-purpose, not-for-profit corporations as issuers of tax-exempt project debt. For example, the Southern Connector project in Greenville, South Carolina, and the Pocahontas Parkway project outside Richmond, Virginia, both have utilized nonprofit corporations authorized under IRS revenue ruling 63-20 to develop, finance, and own new toll facilities. Is this method a panacea for overcoming barriers to project finance, or instead a contrivance that introduces inefficiencies to the process?

#### **The Private Sector Role in the Public/ Private Partnership**

Developing highway projects through a private concession approach financed with private equity and taxable debt is the exception rather than the rule in this country. Most projects for financial reasons have been structured so as to be able to take advantage of the ability to use lower cost, tax-exempt debt.

On policy grounds, public sector sponsors of transportation projects have not favored fully privatized approaches due to concerns about minimizing the levels of user fees, which is in conflict with the profit motive of a private operator. Under the limitations of the tax code, the use of tax-exempt debt is consistent with this objective of public sponsors, due to the prohibition against equity returns inuring to sponsors of a project financed with tax-exempt bonds.

Therefore, tax-exempt debt financing has supported the policy objectives of the public sector while at the same time enhancing the ability of the private sector to establish a feasible financing plan.

#### **In Search of an Issuer**

The dilemma for the private sector derives from structural limitations imposed on bonds accorded tax-exempt status. The project must be for general use of the public and no equity returns can accrue to any project participant – yet the private sector developer as a for-profit entity is not qualified to issue tax-exempt debt itself. What, then, are the financing options?

#### **1. Direct Issuance by Governmental Unit**

Many public/private partnerships are negotiated with a public sector sponsor that has the legal ability to issue tax-exempt rev-

enue bonds on behalf of a stand-alone project. One option, in these cases, is for the public partner to issue the project debt on a completely non-recourse basis; i.e., backed *solely* by the project's revenues. This option has been infrequently utilized for a variety of reasons. These reasons include:

- Direct issuance of debt requires legislative approval;
- The public sector has a debt limitation (either imposed or implied);
- The public sponsor is concerned that external parties (investors, rating agencies, or elected officials) will believe that it has an implied liability to repay the bonds should the pledged revenue sources prove insufficient, even though the obligations are by their terms non-recourse.

#### **2. Establishing a Special Purpose Authority**

For certain projects, the appropriate level of government will establish a related but legally separate entity such as an authority to issue project debt expressly for this purpose. This is generally most appropriate when the project is truly a series of transportation network improvements. Examples include the Transportation Corridor Agencies in California and the E-470 Public Highway Authority in Colorado.

Establishing a new public authority has a number of drawbacks, however. Such an organization typically will require state enabling legislation, which can negate much of the time-savings benefit that a public-private venture is meant to realize. In addition, the authority structure implies a full management organization, which can increase project costs. Finally, will a public authority readily scale back its overhead cost once the construction of the project is complete?

#### **3. Using an Existing Conduit**

An additional option is the use of an existing municipal conduit issuer. In most jurisdictions, there already is in place an existing issuer (such as an industrial development authority) that is empowered to issue tax-exempt bonds on behalf of economic development projects or projects that provide a public benefit. Although the project eligibility criteria will vary from authority to authority, transportation facilities in many cases will constitute permitted purposes.

The conduit issuer provides a number of advantages as a financing vehicle. First and foremost, it is already in place

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## **SIB UPDATE**

# **State Infrastructure Bank Status**

As of November 30, 1998, \$456 million in Federal funds had been deposited into the banks' highway and transit accounts. The banks have signed loan agreements to assist in 54 projects. The tables display: 1) loans and loan agreements signed to date; and 2) obligations and outlays of Federal funds for the SIB program as of November 30, 1998. Please see the insert for the tables.

*THE 63-20'S, continued from page 2*

and generally has well-established procedures to serve its function. In some cases, the conduit issuer has the additional benefit of possessing existing staff that can serve a variety of functions, including investment management and responding to investor inquiries.

The drawbacks to this approach are less obvious, but in some cases can prove fatal. For example, the public process of requesting assistance from a conduit issuer offers an additional opportunity for opponents of the project – or opponents of user fees – to protest the project. In addition, in some cases the governmental unit that is the alter-ego of the authority still will retain concern about implied liability to repay the debt, should the project run into financial difficulty down the road.

## **4. The 63-20 Option**

These negative factors have led to growing consideration of the use of special purpose not-for-profit corporations. Perhaps the primary positive factor favoring the use of a 63-20 corporation as the issuer of project debt is its ability to establish a local face for a development effort. Opponents to public/private projects routinely raise the perception of developers as carpetbaggers not concerned with the long-term implications of the project to the community. Forming a board of respected local citizens can create credibility as well as underscore the public's interest in the private partners' efforts.

Additional benefits can be realized by including representatives of impacted governments on a 63-20 board. This gives these jurisdictions a voice in the decisions made by the board and a say in the operation of the project.

The 63-20 structure has its limitations, however. First, in most cases the 63-20 board will have had only limited opportunity to establish its priorities prior to the financing. The corporation is intended to remain in place for decades, but may have met just a handful of times prior to issuance of bonds. Ideally, the board will have been in place throughout the development process to allow for meaningful input into the corporation's actions.

In addition, there is the flip side to the concern noted above that a dedicated authority will have too much overhead. Given the limited purpose of the 63-20 corporation, it is

unlikely to have any dedicated staff. In an environment where investors are pushing for better and more frequent disclosure, it is important that the corporations maintain staff to provide information updates on project financings.

Further, in many cases significant decisions as to use of excess revenues and future improvements will arise years down the line. While these decisions often will be dictated by the terms of the financing documents, it is unclear whether the 63-20 boards will be a help or a hindrance to the projects in the years well beyond opening.

For the debt investor, the use of the 63-20 structure should generally be a non-issue. The bondholder should find adequate protections in the financing documents, and there should be little if any opportunity for a 63-20 board to take an action that is adverse to bondholders. While investors take comfort when a municipal conduit issuer is used that involves a well-regarded name in the market, a 63-20 corporation should not face a yield penalty at the time of its bond offering simply because of its organizational status.

## **Conclusion**

As a financing vehicle, the 63-20 not-for-profit issuer has proven itself to be a workable solution. From a financing perspective, however, it will provide an efficient and appropriate mechanism in some cases but not in others. In certain instances, where public sector sponsors are reluctantly agreeing to a joint venture with the private sector, perhaps for the first time, this option may be the only viable solution available. The 63-20 structure is admirable for the flexibility it offers to the development team and the legal comfort offered by a structure that has survived 35 years of consistent use. Over time, however, as the public sector overcomes its initial reluctance to be directly associated with the debt issued on behalf of public/private projects, one would expect that the use of 63-20's will diminish and the market will see the slack taken up by more traditional issuers of municipal debt.



*Contact:*  
*David Klinges, Managing Director,*  
*Bear Stearns & Co., 215/496-1824.*

## BEYOND ASPHALT, CONCRETE & STEEL

# Space, Time, and Public-Private Partnerships

Public-Private Partnerships (PPP's) have been used to develop nearly \$5 billion of new highway projects over the last several years. However, the respective roles of the public and private sectors have varied from transaction to transaction. What are the major determinants of these alternative organizational approaches? Why is there not more structural uniformity in PPP's across projects? Is there one particular institutional model which makes more sense than others?

This article suggests two different ways of looking at the allocation of responsibilities between the public and private sectors in PPP's: within Space and over Time. The Spatial dimension can be viewed as a functional division of public and private activities, while the Time dimension can be thought of as a temporal division of public and private roles over the life cycle of a project.

### PPP's in Space

Diagram 1 illustrates four major institutional arrangements which have been employed in the U.S. for recent highway projects. The four models are arrayed along a spectrum, ranging from purely public arrangements for project development, operation, and ownership, to purely private arrangements.

Each of the institutional models can be evaluated in terms of a variety of impacts – the project's cost of capital (taxable vs. tax-exempt debt), construction efficiency, operational cost-effectiveness, risk transference (shifting liabilities from

governmental units to private parties), political acceptability, etc.

### Governmental Model

For example, starting on the directional (if not political) left side of the diagram, a project like Texas State Highway 190 – although highly innovative in terms of financial engineering – nonetheless represents a largely traditional “public” undertaking from a developmental perspective. The project involves a \$700 million new 26-mile extension to a tolled beltway around Dallas. The developer, Texas Turnpike Authority, is financing the project with a combination of system toll-revenue bonds, a subordinate loan funded by the Texas Department of Transportation using Federal-aid, and governmental right-of-way donations.

### Turnkey Model

Of greater “private” character are turnkey financings, such as the San Joaquin Hills and Foothill-Eastern Toll Road projects developed by the Transportation Corridor Agencies in Orange County, California, and the Denver E-470 project. These represent publicly-owned and publicly-operated projects involving the use of a private sector Design-Build contract to develop the project under a guaranteed maximum price and guaranteed completion date. Although the public sector is responsible in each case for operating and maintaining the toll roads, the management of the toll collection systems is being out-sourced to private par-

ties. The major source of funding for each of the projects is tax-exempt toll revenue bonds.

### Warranty/Concession Model

Farther along the spectrum to the right would be projects that are publicly owned, but use private parties both for development *and* operation/maintenance of the facility. Under current law, the Internal Revenue Code limits the extent to which a private concessionaire may be employed on a project seeking to access the tax-exempt bond market. However, projects such as Osceola Parkway in Florida are able to use a short-term (three year) management contract with a private operator, yet stay within the constraints of the Code under the short-term management contract safe harbor provisions. An alternative method of securing long-term private participation in maintenance is through a performance warranty, similar to the 20 year arrangement the State of New Mexico is using for its Corridor 44 project. (See Summer 1998 *IFQ*.)

### Privatized Model

Finally, the matrix shows a fully privatized approach, involving private development, operation, *and* ownership of the facility. At this end of the spectrum, the projects are too “private” to be eligible for tax-exempt financing, although proposals like last year's Highway Infrastructure Privatization Act would have allowed such projects access to the municipal market. Two recent examples are the SR-91 project in Orange County, California and the Dulles Greenway in the Virginia suburbs of Washington, DC, both of which were financed with a combination of private equity and taxable debt. Even here, however, they were not “purely” private, in that the public sector is closely involved in a regulatory or initial concession-granting capacity.

### When is Capital Private vs. Public?

Given the capital-intensive nature of highway projects, the institutional

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	Governmental Model-System Credit (Texas SH-190)	Turnkey Model-Stand Alone (San Joaquin, Denver E-470)	Warranty/ Concession Model (Osceola, NM44)	Privatized Model (SR-91, Dulles Greenway)
Development	Public	Private	Private	Private
Operation	Public	Public	Private	Private
Ownership	Public	Public	Public	Private
	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Purely Public</span> <span>←</span> <span>→</span> <span>Purely Private</span> </div>			

**Diagram 1. Assignment of Responsibilities in a “Spatial” or Functional Partnership**



PPP's, continued from page 4

arrangements generally have been oriented toward conserving access to lower-cost tax-free financing. For example, issuing long-term debt at a tax-exempt rate (say, five percent versus the required taxable rate of perhaps seven percent for the same credit) represents a present-value savings of approximately 20 percent of the capital costs. Therefore, the preferred structure of the PPP has tended to involve either a governmental issuer of debt (such as a special-purpose public agency) or a "63-20" not-for-profit corporation. [See page 2 for an article on 63-20s.]

A perennial question is whether the use of a public agency debt-issuing conduit constitutes "private capital" or "public capital." Our take on it is that if public tax dollars are at *risk* (either directly or contingently-pledged), then the project involves **public capital**. Under this definition, a pledge of public tax dollars as a source of repaying a borrowing, a contingent liability by a public entity to make up project shortfalls, and a direct loan to a project through a governmental entity like a State Infrastructure Bank or public pension fund **all** represent public sector financing. However, if the project is funded without recourse to public tax-payers by "at risk" investment of private parties – regardless of whether they are corporate equity investors or municipal bond debt investors – the project should properly be viewed as being financed with **private capital**.

#### PPP's over Time

Diagram 2 illustrates an alternative way of viewing partnership arrangements. This chart suggests that there are appropriate roles or levels of involvement for governmental and private-sector parties *in varying degrees* over the life cycle of a project financing, from development and construction to ramp-up and maturity. Accordingly, the process can be viewed as a "temporal" as opposed to a "functional" division of partnership roles.

Because of the long lead times and enormous front-end development costs, private firms are increasingly unwilling to bear the "political" risks of initiating

project development with what amounts to their own venture capital. The development phase of a project is the riskiest stage, for that is when it is being environmentally-permitted and politically-vetted. When the project is ready for construction, the private partner can assume more of the "commercial" risks associated with financing, constructing, and even operating the project. This type of division of responsibilities is illustrated in the diagram below. Notice the continued participation of **both** public and private parties over the life of the project, but in differing degrees of involvement.

Under this schematic, the key transitional event from public to private sector responsibility is the receipt of the environmental Record of Decision for the applicant's environmental impact statement. Granted, this is somewhat of an idealized model, and actual or appropriate roles will be decided according to specific circumstances on a case-by-case basis. But there does seem to be a growing realization that partnerships perhaps should be "inter-temporal," with different parties assuming varying degrees of responsibility at different stages of the project's life cycle: It should principally be the role of the public sector sponsor to deliver up-front a "buildable" project (i.e., one that has obtained the requisite public approvals).

Once the project has been advanced to a buildable stage, the risks are more of a business nature, and it may be suitable to bring in a private sector partner to develop, construct, and perhaps own and operate, the new project.

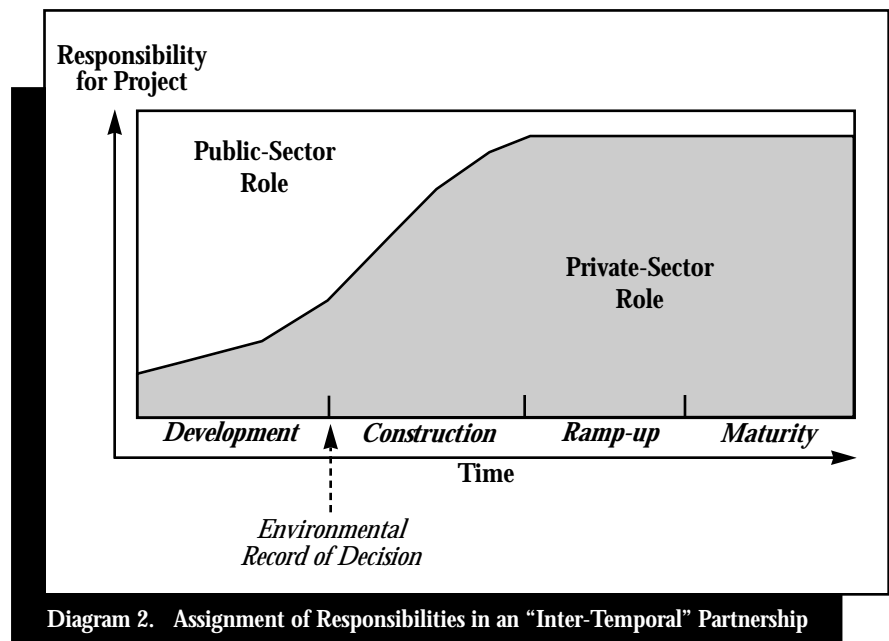
#### Conclusion

In summary, public-private partnerships can take a variety of forms. *No one technique is inherently superior to another. Rather, the optimal approach will vary from project to project, depending upon project-specific "facts and circumstances."* In some instances, the structure is driven by State law, based on enabling legislation. In other cases, it relates to how private participation can be used in combination with tax exempt debt issuance (tax law). In yet other cases, public policy objectives (degree of risk aversion, desire to be actively involved, etc.) may be the driver. The two models described in this article – one along Functional lines and the other along Temporal lines, suggest different ways of considering the best mix for highway projects, based on each project's unique attributes.



*Contacts:*

*Bryan Grote, FHWA, 202/366-5785 or  
David Seltzer, FHWA, 202/366-0397.*



*HIGHWAY AND TRANSIT PROGRAMS continued from page 1*

firewall amount – which is not keyed to Highway Trust Fund receipts. There is no provision for adjusting the transit firewall amount.

### **Beyond Guaranteed Funding – the Red Zone**

Authorizations in TEA-21 for fiscal years 1998-2003 exceed the guaranteed funding levels by \$5 billion for transit programs and \$15 billion for highway and all other programs. The authorizations in excess of the guaranteed levels are in the so-called budgetary “red zone” and remain part of the general discretionary budget category. Red zone funds in excess of the firewall amounts may be made available through the annual budget and appropriations process, and must compete with other discretionary spending priorities for their place in the budget each year.

### **Revenue Aligned Budget Authority (RABA)**

Beginning with fiscal year 2000, authorizations for Federal-aid highway and highway safety construction programs funded from the Highway Account of the Highway Trust Fund will be adjusted (increased or decreased) whenever the highway firewall amount is adjusted to reflect changed estimates of Highway Account revenue – that is, the budget authority will be aligned with the revenue.

In the case of an increase, a portion of the increase in authorizations is reserved for the Federal-aid highway and highway safety construction programs allocated by the Secretary of Transportation – programs that are not apportioned to the States by statutory formula. The amount reserved is determined by calculating the ratio of the authorizations for the allocated programs to total authorizations from the Highway Account for Federal-aid highway and highway safety construction programs and applying this ratio to the additional authorizations. The resulting amount is divided among the various allocated programs in the same proportion that those programs receive authorizations exclusive of RABA. The remainder of the increased funding is distributed to the States proportional to their shares of Federal-aid highway and highway safety construction apportionments from the Highway Account. Each State's share is then divided proportionally among the following programs: Interstate Maintenance, National Highway System, Bridge Replacement and Rehabilitation, Surface Transportation Program, and Congestion Mitigation and Air Quality Improvement.

Should a decrease be necessary, the reductions in authorizations would be made in the succeeding fiscal year and applied proportionally to all Highway Account authorizations for Federal-aid highway and highway safety construction programs except Emergency Relief.



*Contact:*  
*Carolyn Edwards, FHWA, 202/366-6786.*

## **DOT Unveils New TIFIA Website**

For the latest information on implementation of the Transportation Infrastructure Finance and Innovation Act credit program, use the Internet to contact  
<http://tifa.fhwa.dot.gov>

LAURIE L. HUSSEY, CS MANAGING EDITOR  
CAMBRIDGE SYSTEMATICS, INC.  
617/354-0167  
FAX: 617/354-1542  
LLH@CAMSYS.COM

MAX INMAN, FHWA MANAGING EDITOR  
202/366-0673  
FAX: 202/366-7493

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# State Infrastructure Bank Pilot Program: Federal Financial Transactions, cumulative, as of November 30, 1998

STATE	HIGHWAY OBLIGATIONS			HIGHWAY OUTLAYS			TRANSIT	
	FEDERAL-AID HIGHWAY FUNDS	SPECIAL APPROPRIATIONS	TOTAL	FEDERAL-AID HIGHWAY FUNDS	SPECIAL APPROPRIATIONS	TOTAL	OBLIGATIONS: SPECIAL APPROPRIATIONS	OUTLAYS: SPECIAL APPROPRIATIONS
Alaska	\$	2,490,000	2,490,000		1,693,200	1,693,200	\$	\$
Arizona	29,501,487	6,700,000	36,201,487	29,501,487	5,628,000	35,129,487		
Arkansas		1,500,000	1,500,000		1,020,000	1,020,000		
California		3,000,000	3,000,000					
Colorado		1,500,000	1,500,000					
Delaware	3,300,000	1,500,000	4,800,000	3,300,000	1,500,000	4,800,000		
Florida	38,815,438	8,650,000	47,465,438	38,815,437	5,882,000	44,697,437		
Georgia								
Illinois								
Indiana		3,390,000	3,390,000		591,600	591,600	630,000	428,400
Iowa		870,000	870,000					
Louisiana								
Maine		2,540,000	2,540,000		1,727,200	1,727,200		
Massachusetts					7,514,000	7,514,000		
Michigan		11,050,000	11,050,000					
Minnesota		3,960,000	3,960,000					
Missouri	25,000,000	25,000,000	25,000,000	25,000,000		25,000,000	7,410,000	6,224,400
Nebraska		2,830,000	2,830,000		5,535,200	5,535,200		
New Jersey		1,500,000	1,500,000					
New Mexico		8,140,000	8,140,000					
New York		12,000,000	12,000,000					
North Carolina		480,000	480,000					
North Dakota		1,727,200	1,727,200	1,727,000			1,020,000	1,020,000
Ohio	75,000,000	5,100,000	80,100,000	75,000,000			6,900,000	6,900,000
Oklahoma	8,973,000	4,700,000	4,700,000	8,973,000				
Oregon		5,510,000	14,483,000		826,500	9,799,500		
Pennsylvania		2,090,000	2,090,000		1,300,000			
Rhode Island		1,500,000	1,500,000		1,020,000	1,020,000		
South Carolina		3,000,000	3,000,000		2,040,000	2,040,000		
South Dakota		2,830,000	2,830,000		2,377,200	2,377,200		
Tennessee		1,500,000	1,500,000				1,300,000	1,000,000
Texas	159,288,804	12,000,000	171,288,804	156,513,796	10,080,000	166,593,796		
Utah		2,310,000	2,310,000					
Vermont	560,000	1,500,000	2,060,000	560,000	1,020,000	1,580,000		
Virginia	18,000,000	3,000,000	21,000,000	18,000,000		18,000,000		
Washington		1,500,000	1,500,000		1,260,000	1,260,000		
Wisconsin		1,500,000	1,500,000		1,020,000	1,020,000		
Wyoming	14,301,720	2,510,000	16,811,720	14,301,720	1,706,800	16,008,520		
Puerto Rico	10,748,588	1,500,000	12,248,588	10,748,588	1,260,000	12,008,588		
Total	383,489,037	125,877,200	509,366,237	382,441,028	58,181,700	440,622,728	17,260,000	15,144,400

# State Infrastructure Bank Loans and Loan Agreements as of November 1, 1998

STATE	PROJECT	PROJECT COST (\$000)	LOAN AMOUNT (\$000)	INTEREST RATE	DRAW DATE	REPAYMENT SOURCE
<b>LOANS</b>						
1 Iowa	Roadway Weather Information System	989	765	0.00%	06/12/98	State funds
2 Missouri	Springfield Transportation Projects	39,360	1,180	3.71%	04/01/97	Local dedicated sales tax incr. financing and State Highway Fund
3			1,690		04/01/99	Local dedicated sales tax incr. financing and State Highway Fund
4 Missouri	Cape Girardeau Bridge	102,198	8,000	5.30%	10/07/97	State and future federal funds
5			20,000	5.30%	02/06/98	State and future federal funds
6 Missouri	Gateway Multimodal Center, St. Louis	27,900	5,450	0.00%	07/30/98	Local sales tax
7			5,450	0.00%	08/15/99	Local sales tax
8 Ohio	Butler Regional Highway	150,000	10,000	6.00%	10/16/96	Bond proceeds
9			10,000	6.00%	01/13/97	Bond proceeds
10			15,000	6.00%	05/19/97	Bond proceeds
11 Ohio	Great Lakes Science Center Parking Facility	7,825	7,825	6.00%	05/01/97	Parking fees
12 Ohio	Fort Washington Way Relocation	120,000	20,000	5.00%	03/01/98	Future city income and sales tax
13 Ohio	Cleveland Transit Viaduct	25,000	6,945	4.00%	04/01/98	County sales tax
15 Ohio	Project Monaco (Marion, OH)	2,025	2,025	4.00%	04/01/98	Payment in lieu of property taxes (TIF)
16 Ohio	Cincinnati Industrial Park Access Rd Improvements	645	645	4.00%	04/01/98	City's capital improvement fund (primarily income tax)
17 Ohio	Brower Road Improvements, Lima MPO	950	950	4.00%	06/01/98	Future federal aid
18 Ohio	Eastlake Industrial Park		2,425	6.00%		TIF
19 Ohio	Putnam Street Bridge, Washington County		3,030	4.00%		Local sales tax
20 Oregon	Ash Creek Bridge Replacement	850	735	4.00%	04/01/98	Future federal highway funds, city revenues
21 Oregon	Signal Priority System	781	781	4.18%	05/15/98	Transit District revenues (primarily payroll tax receipts)
22 New Mexico	City of Moriarty Intersection Signal	541	541		03/31/98	
23 Puerto Rico	Highway Improvements	60,000	15,000		06/30/98	(Loan to reserve fund for bond issue)
24 Texas	Laredo Bridge #4	61,400	27,000			
25 Texas	Motley County Off-system Bridge	348	33	4.00%	07/30/98	Future federal highway funds and state road and bridge funds
26 Texas	State Route 190 - Bush Turnpike*	1,000,000	20,000	4.20%	10/01/97	Toll revenues
<b>SUBTOTAL</b>		<b>1,599,823</b>	<b>184,705</b>			
<b>LOAN AGREEMENTS</b>						
1 Alaska	Whittier Access Project	65,000	9,000			
2 Arizona	Price Corridor Segments	56,600	26,000	3.67%	01/15/99	Earmarked sales tax revenues
3 Arizona	Red Mountain Freeway Segments	60,400	24,000	3.67%	04/01/00	Earmarked sales tax revenues
4 Arkansas	Hackett Creek Str. & Apprs. (S)	20	20	0.00%	08/21/98	
5 Florida	Branan Field Road Construction - Clay Cty.	27,046	4,980	0.00%	1999	State DOT District funds (deriving mainly from gas tax receipts)
6 Florida	Branan Field Road Construction - Duval Cty.	36,255	13,406	0.00%	1999	State DOT District funds
7 Florida	Congress/Australian Connector	11,529	8,365	0.00%	1999	State DOT District funds
8 Florida	I-275 Widening	11,801	2,327	0.00%	1999	Future federal highway funds
9 Florida	SR77 Reconstruction	27,046	5,598	0.00%	2000	State DOT District funds
10 Florida	SR80 Improvements	20,448	4,366	0.00%	1999	State DOT District funds
11 Florida	SR540 Improvements	18,727	2,590	0.00%	1999	State DOT District funds
12 Florida	SR44 Widening and Rehabilitation	20,500	9,800	0.00%	1998	State DOT District funds
13 Florida	SR30 (US98) to SR73 to SR295	12,100	2,400	0.00%	1999	Future federal highway funds
14 Florida	Recker Hwy, US17 to Winterlake Construction	14,900	7,000	0.00%	1999	Future federal highway funds
15 Florida	Lee County Trolley Purchase	1,900	720	0.00%	1998	Future federal transit funds
16 Iowa	Roadway Weather Information Systems	989	989	0.00%	1998	
17 Michigan	Center Street Reconstruction	2,000	700	4.00%		City funds
18 Missouri	Cole County Highway 179	37,544	6,000	3.50%	11/01/02	Earmarked local sales tax revenues and State Highway Fund
19 New Jersey	Atlantic City Expressway	1,500	1,500	tdb	06/20/05	Expressway toll revenues
20 Ohio	Market Street Improvements (Canton, OH)	12,469	1,200	4.25%	07/01/98	City-pledged excess revenues (primarily income tax)
21 Ohio	Ann Arbor Intermodal Facility		2,425	5.00%		Private revenues
22 Ohio	Steubenville SR 43 widening, Sunset Blvd.		4,300	3.00%		TIF, MPO funds
23 Ohio	Jefferson County Airport Improvements		370	4.00%		Airport revenues
24 Ohio	Springfield Road Improvements		8,000	3.00%		MPO funds
25 Ohio	Trimor/Maple Heights Industrial Park Road		1,000	6.00%		Land sales
26 Ohio	Beacon/Westlake Industrial Part		2,250	6.00%		Land sales
27 Ohio	Mt. Vernon SR 36/37 Improvements		3,100	6.00%		
28 Ohio	Strongsville SR 82 & 237 Improvements		1,000			
28 Ohio	Cleveland North 3rd Street RTA Station		5,000	0.00%		
30 Rhode Island	Resurfacing Route 136 fr. Bristol/Warren	1,311	1,311	0.00%	1998	
31 Texas	State Route 190 - Bush Turnpike*	see above	40,000	4.20%	10/01/98	Toll revenues
32 Virginia	Route 895 Connector, Richmond	323,000	18,000	variable	07/09/98	Gross Revenue Pledge on toll collections
33 Wyoming	Cody to Yellowstone Park Improvement	15,000	15,000	0.00%	10/01/98	Future federal highway funds and state highway funds
<b>SUBTOTAL</b>		<b>713,085</b>	<b>223,717</b>			
		<b>2,312,908</b>	<b>408,422</b>			

\* SR 190 received two loan disbursements under 23 USC 129, prior to establishment of the Texas SIB. Those obligations were subsequently adopted by the SIB. The two previous loan disbursements were made on 1/1/96 in the amounts of \$20 million and on 10/1/96 for \$35 million. It is anticipated that the full \$135 million from all prior and future loan disbursements will be repaid to the Texas SIB.